

AMENDED IN ASSEMBLY APRIL 30, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 425

Introduced by Assembly Member Richman

February 14, 2003

An act to amend Section 743.1 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 425, as amended, Richman. Electric service: rates: interruptible programs.

(1) The Public Utilities Act authorizes the Public Utilities Commission to establish rates for public utilities regulated by the commission, including electrical corporations. The act requires electrical corporations to continue the availability to qualified heavy industrial customers, until March 31, 2002, of optional interruptible or curtailable service wherein the heavy industrial customer is charged a rate that reflects a pricing incentive for electing to operate under the optional or curtailable service.

This bill would instead require ~~the commission to continue the availability to qualified heavy industrial customers of optional interruptible or curtailable service until December 31, 2008~~ *an electrical corporation to continue the availability to qualified customers, as defined, of optional interruptible or curtailable service, and would require the effective rate for that service to reflect a cost-based pricing incentive. The bill would require the commission to set the incentive level and to authorize the continued availability of optional interruptible or curtailable service at that level until*

December 31, 2008. The bill would impose a penalty on a customer receiving interruptible or curtailable service who does not comply with the commitment to shed load in excess of the customer's firm service level within the time period provided for in the tariff, if called upon to do so by the electrical corporation. The bill would require an electrical corporation to remove from the rate option any customer who, upon 2 consecutive requests from the electrical corporation, voluntarily elects not to comply substantially with its commitment to shed load. The bill would require an electrical corporation to eliminate by a certain date any incentive not described above that is included in an optional interruptible or curtailable service of that electrical corporation as of January 1, 2004.

Because a violation of the act is a crime, this bill, by continuing to require electrical corporations to offer optional interruptible or curtailable service *and by imposing new requirements*, would change the definition of a crime, thereby imposing a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 743.1 of the Public Utilities Code is
 2 amended to read:
 3 743.1. (a) Electrical corporations shall continue the
 4 availability to qualified ~~heavy-industrial~~ customers of optional
 5 interruptible or curtailable service. *For purposes of this section,*
 6 *the term "qualified customers" includes all customers with*
 7 *demand at, or in excess of, 500 kilowatts. The effective rate for*
 8 *interruptible or curtailable service to—qualifying qualified*
 9 *customers shall reflect a cost-based pricing incentive for electing*
 10 *to operate under the interruptible or curtailable service option. The*
 11 *commission shall set the cost-based pricing incentive for the*
 12 *optional interruptible or curtailable service at a level equal to the*

level of incentive authorized in the base interruptible program rate option as of May 1, 2003. The commission shall authorize the continued availability of optional interruptible or curtailable service at this cost-based pricing incentive level until December 31, 2008.

(b) A customer receiving interruptible or curtailable service who does not comply with the commitment to shed load in excess of the customer's firm service level within the time period provided for in the tariff, if called upon to do so by the electrical corporation, shall pay a noncompliance penalty of nine dollars and thirty cents (\$9.30) per kilowatt hour for excess power taken. In addition to the noncompliance penalty, the electrical corporation shall remove from the rate option any customer who, upon two consecutive requests from the electrical corporation, voluntarily elects not to comply substantially with its commitment to shed load.

~~(b) The commission shall direct each public utility electrical corporation to continue its efforts to reduce the rates charged heavy industrial customers to a level competitive with other states, and to do so without shifting recovery of costs to other customer classes. The commission shall continue the availability of optional interruptible or curtailable service at least until December 31, 2008. In no event shall the level of the pricing incentive for interruptible or curtailable service be altered from the levels in effect on June 10, 1996, until December 31, 2008.~~

(c) The commission shall require an electrical corporation to eliminate any incentive not authorized pursuant to subdivision (a) that is included in an optional interruptible or curtailable service rate of that electrical corporation as of January 1, 2004, before the earlier of the following dates:

(1) January 1, 2005.

(2) The date of the next final commission decision in the allocation of revenue requirement and rate design phase of the electrical corporation's general rate case proceeding.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of

- 1 the Government Code, or changes the definition of a crime within
- 2 the meaning of Section 6 of Article XIII B of the California
- 3 Constitution.

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